

Fiscal Services Division Legislative Services Agency Fiscal Note

HF 2487 - Comprehensive Health Association Coverages (LSB 5318 HV)
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Fiscal Note Version - New

Description

House File 2487 authorizes the Board of Directors of the Iowa Comprehensive Health Insurance Association to designate insurers for purposes of the Association membership and the new members are authorized to offset their premium tax liability by the amount of their Association assessment in the same manner as current members.

The Bill also changes the premium rate to be charged by requiring the rate to be based upon the individual insurance market. Under current law, the rate is based upon extra morbidity and administration expense for risks insured in the Association.

Assumptions

1. The tax offset would first be available for new members in FY 2006.
2. The Board will increase the number of insurers in the Association.
3. Premium rates will be reduced to reflect the individual insurance market, thereby, increasing the Association membership assessment.
4. The number of policies issued by the Association will increase.
5. The loss experience of the Iowa Comprehensive Health Insurance Association will be similar to the loss experience of the Iowa Individual Health Benefit Reinsurance Association.
6. The total Association membership assessment will increase by \$7.0 million in FY 2006, and an additional \$5.5 million in FY 2007.
7. The total Association membership assessment will continue to increase beyond FY 2007.
8. The premium taxes paid by Association members are reduced by the assessment paid by the members to the Association.

Fiscal Impact

House File 2487 will decrease General Fund revenue by \$1.4 million in FY 2006 and \$2.5 million in FY 2007, due to the premium tax offset. General Fund revenue beyond FY 2007 will decrease as the Association membership assessment increases and the Association members reduce their premium tax liability by the amount of their assessment.

Source

Department of Commerce Insurance Division

Dennis C Prouty

March 15, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
